

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In Re: W.R. GRACE & CO., et al., Debtors.	§ § § § § §	Chapter 11 Jointly Administered Case No. 01-01139 (JKF)
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**FEE AUDITOR'S COMBINED FINAL REPORT REGARDING
THOSE FEE APPLICATIONS WITH NO FEE OR EXPENSE ISSUES
FOR THE TWENTY-FOURTH INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C., acting in the capacity of fee auditor in the above-captioned bankruptcy proceedings, regarding all the Interim Fee Applications of those firms for which we have no fee or expense issues for the Twenty-Fourth Interim Quarterly Period (collectively referred to hereafter as the "Applications").

BACKGROUND

1. Anderson Kill & Olick, P.C., ("AKO") was retained as special insurance counsel to the official committee of asbestos personal injury claimants. In the Application, AKO seeks approval of fees totaling \$21,533.00 and costs totaling -\$152.20¹ for its services from January 1, 2007, through March 31, 2007.

2. David T. Austern ("Austern") was retained as representative to the Future Claimants. In the Application, Austern seeks approval of fees totaling \$15,000.00 and costs totaling \$531.92 for his services from January 1, 2007, through March 31, 2007.

3. Beveridge & Diamond, P.C. (Beveridge) was retained as special counsel to the

¹In its application AKO states that, "Diner's Club Hotel credit on March 27, 2007 caused negative total amount of expenses for the month of March."

Debtors. In the Application, Beveridge seeks approval of fees totaling \$121,845.00 and costs totaling \$786.17 for its services from January 1, 2007 through March 31, 2007.

4. Bankruptcy Management Corporation (BMC) was retained as Claims Reconciliation and Solicitation Consultant to the Debtors. In the Application, BMC seeks approval of fees totaling \$290,682.66 and costs totaling \$31,008.41 for its services from January 1, 2007, through March 31, 2007.

5. Buchanan Ingersoll (“Buchanan”) was retained as co-counsel to the Official Committee of Equity Holders. In the Application, BIPC seeks approval of fees totaling \$134,316.00 and costs totaling \$903.61 for its services from January 1, 2007, through March 31, 2007.

6. Campbell & Levine LLC (“Campbell”) was retained as counsel to the official committee of asbestos personal injury claimants. In the Application, Campbell seeks approval of fees totaling \$187,144.50 and costs totaling \$24,440.01 for its services from January 1, 2007, through March 31, 2007.

7. Capstone Corporate Recovery, LLC (“Capstone”) was retained as financial advisors to the Official Committee of Unsecured Creditors. In the Application, Capstone seeks approval of fees totaling \$261,871.00 and costs totaling \$983.27 for its services from January 1, 2007 through March 31, 2007.

8. Casner & Edwards, LLP (“Casner”) was retained as special litigation counsel to the Debtors. In the Application, Casner & Edwards seeks approval of fees totaling \$65,374.00 and expenses totaling \$36,579.48 for its services from January 1, 2007, through March 31, 2007.

9. Day Pitney, LLP (“Day Pitney”), was retained as special counsel to the Debtors. In the Application, Day Pitney seeks approval of fees totaling \$139,867.50 and costs totaling \$3,031.72

for its services from January 1, 2007, through March 31, 2007.

10. Deloitte Tax LLP (“Deloitte Tax”) was retained as tax service providers to the Debtors. In the Application, Deloitte Tax seeks approval of fees totaling \$90,835.00 and costs totaling \$0.00 for its services from January 1, 2007, through March 31, 2007.

11. Duane Morris LLP (“Duane Morris”) was retained as counsel to the official committee of asbestos property damage claimants. In the Application, Duane Morris seeks approval of fees totaling \$83,795.00 and costs totaling \$962.79 for its services from January 1, 2007, through March 31, 2007.

12. Ferry, Joseph & Pearce, P.A. (“Ferry Joseph”) was retained as counsel to the Official Committee of Asbestos Property Damage Claimants. In the Application, Ferry Joseph seeks approval of fees totaling \$75,695.50 and costs totaling \$14,240.18 for its services from January 1, 2007 through March 31, 2007.

13. Foley Hoag LLP (“Foley Hoag”) was retained as special environmental counsel to the debtor. In the Application, Foley Hoag seeks approval of fees totaling \$10,973.00 and costs totaling \$113.10 for its services from January 1, 2007 through March 31, 2007.

14. Hamilton, Rabinovitz & Alschuler, Inc. (“HRA”) was retained as consultants to the Official Committee of Asbestos Property Damage Claimants. In the Application, HRA seeks approval of fees totaling \$9,905.00.00 and costs totaling \$0.00 for its services from January 1, 2007, through March 31, 2007.

15. Hilsoft Notifications (“Hilsoft”) was retained as consultants to The Official Committee of Asbestos Property Damage Claimants. In the Application, Hilsoft seeks approval of fees totaling \$62,712.50 and costs totaling \$2,661.73 for its services from January 1, 2007, through

March 31, 2007.

16. Holme Roberts & Owen, LLP (“HRO”) was retained as special environmental counsel to the Debtors. In the Application, HRO seeks approval of fees totaling \$3,277.50 and costs totaling \$3,685.80 for its services from January 1, 2007, through March 31, 2007.

17. Kramer, Levin, Naftalis & Frankel, L.L.P. (“Kramer Levin”) was retained as counsel to the official committee of equity holders. In the Application, Kramer Levin seeks approval of fees totaling \$163,379.00 and costs totaling \$14,632.63 for its services from January 1, 2007, through March 31, 2007.

18. Latham & Watkins, LLP (L&W) was retained as special environmental counsel to the Debtors. In the Application, Latham seeks approval of fees totaling \$32,095.00 and costs totaling \$31.16 for its services from January 1, 2007, through March 31, 2007.

19. Legal Analysis Systems, Inc. (“LAS”) was retained as asbestos-related bodily injury consultant to the Official Committee of Asbestos Personal Injury Claimants. In the Application, LAS seeks approval of fees totaling \$487,316.00 and costs totaling \$0.00 for its services from January 1, 2007, through March 31, 2007.

20. Lexecon (“Lexecon”) was retained as consultants to the Official Committee of Equity Holders. In the Application, Lexecon seeks approval of fees totaling \$114,565.00 and costs totaling \$1,478.75 for its services from February 1, 2007, through March 31, 2007.

21. Nelson Mullins Riley & Scarborough, LLP (“Nelson Mullins”), was retained as special litigation and environmental counsel for the Debtors. In the Application, Nelson Mullins seeks approval of fees totaling \$9,306.50 and costs totaling \$2,855.03 for its services from January 1, 2007, through March 31, 2007.

22. Pachulski, Stang, Ziehl, Young, Jones & Weintraub P.C. (“Pachulski”) was retained as local counsel to the debtors. In the Application, Pachulski seeks approval of fees totaling \$172,251.50 and costs totaling \$144,572.71 for its services from January 1, 2007, through March 31, 2007.

23. Phillips, Goldman & Spence, P.A. (“PG&S”) was retained as local counsel to David T. Austern, Future Claimants’ Representative. In the Application, PG&S seeks approval of fees totaling \$37,085.50 and costs totaling \$1,028.38 for its services from January 1, 2007, through March 31, 2007.

24. Protiviti, Inc. (Protiviti) was retained as Sarbanes Oxley compliance advisors for the Debtors. In the Application, Protiviti seeks approval of fees totaling \$34,590.00 and expenses totaling \$29.25 for its services from January 1, 2007, through March 31, 2007.

25. PricewaterhouseCoopers LLP (“PwC”) was retained as independent accountants and auditors for the Debtors and Debtors in Possession. In the Application, PwC seeks approval of fees totaling \$1,005,377.90 and costs totaling \$15,340.47 for its services from January 1, 2007, through March 31, 2007.

26. Steptoe & Johnson, LLP (“Steptoe”) was retained as special tax counsel to the Debtors. In the Application, Steptoe seeks approval of fees totaling \$160,024.50 and costs totaling \$859.49 for its services from January 1, 2007, through March 31, 2007.

27. Stroock & Stroock & Lavan, LLP (“Stroock”) was retained as counsel to the Official Committee of Unsecured Creditors. In the Application, Stroock seeks approval of fees totaling \$331,950.50 and costs totaling \$10,690.15 for its services from January 1, 2007, through March 31, 2007, as well as payment of fees and costs of \$272,450.52 for Navigant Consulting (“Navigant”),

an asbestos issues expert².

28. Towers Perrin Tillinghast (Towers Perrin) was retained as actuarial consultants to David T. Austern, Future Claimants Representative. In the Application, Towers Perrin seeks approval of fees totaling \$320,162.50 and costs totaling \$10,770.05 for its services from January 1, 2007 through March 31, 2007.

29. Woodcock Washburn LLP ("Woodcock") was retained as special litigation counsel to the Debtor. In the Application, Woodcock seeks approval of fees totaling \$42,468.00 and costs totaling \$395.92 for its services from January 1, 2007, through March 31, 2007.

30. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Applications in their entirety, including each of the time and expense entries included in the exhibits to the Applications, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2001, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. 330, Issued January 30, 1996, (the "Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals.

DISCUSSION

31. We have no objections to, or issues with, any of the Applications.

² We do not review the fees and costs of Navigant, and thus we do not render any opinion on these fees and costs.

CONCLUSION


32. Thus for the period of January 1, 2007, through March 31, 2007 we recommend approval of all fees and expenses for the following applicants, as follows:

- a. AKO - fees totaling \$21,533.00 and costs totaling -\$152.20.
- b. Austern - fees totaling \$15,000.00 and costs totaling \$531.92.
- c. Beveridge - fees totaling \$121,845.00 and costs totaling \$786.17.
- d. BMC - fees totaling \$290,682.66 and costs totaling \$31,008.41.
- e. Buchanan - fees totaling \$134,316.00 and costs totaling \$903.61.
- f. Campbell - fees totaling \$187,144.50 and costs totaling \$24,440.01.
- g. Capstone - fees totaling \$261,871.00 and costs totaling \$983.27.
- h. Casner - fees totaling \$65,374.00 and expenses totaling \$36,579.48.
- i. Day Pitney - fees totaling \$139,867.50 and costs totaling \$3,031.72.
- j. Deloitte Tax - fees totaling \$90,835.00 and costs totaling \$0.00.
- k. Duane Morris - fees totaling \$83,795.00 and costs totaling \$962.79.
- l. Ferry Joseph - fees totaling \$75,695.50 and costs totaling \$14,240.18.
- m. Foley Hoag - fees totaling \$10,973.00 and costs totaling \$113.10.
- n. HRA - fees totaling \$9,905.00.00 and costs totaling \$0.00.
- o. Hilsoft - fees totaling \$62,712.50 and costs totaling \$2,661.73.
- p. HRO - fees totaling \$3,277.50 and costs totaling \$3,685.80.
- q. Kramer Levin - fees totaling \$163,379.00 and costs totaling \$14,632.63.
- r. L&W - fees totaling \$32,095.00 and costs totaling \$31.16.
- s. LAS - fees totaling \$487,316.00 and costs totaling \$0.00.

- t. Lexecon - fees totaling \$114,565.00 and costs totaling \$1,478.75.
- u. Nelson Mullins - fees totaling \$9,306.50 and costs totaling \$2,855.03.
- v. Pachulski - fees totaling \$172,251.50 and costs totaling \$144,572.71.
- w. PG&S - fees totaling \$37,085.50 and costs totaling \$1,028.38.
- x. Protiviti - fees totaling \$34,590.00 and expenses totaling \$29.25.
- y. PwC - fees totaling \$1,005,377.90 and costs totaling \$15,340.47.
- z. Steptoe - fees totaling \$160,024.50 and costs totaling \$859.49.
- aa. Stroock - \$331,950.50 and costs totaling \$283,140.67.³
- bb. Towers Perrin - fees totaling \$320,162.50 and costs totaling \$10,770.05.
- cc. Woodcock - fees totaling \$42,468.00 and costs totaling \$395.92.

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FEE AUDITOR

³Stroock's costs include the fees and costs of Navigant.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served First Class United States mail to the attached service list on this 10th day of September, 2007.



Warren H. Smith

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